

Message Text

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DRAFTED BY H: EBLACK

APPROVED BY H: KEMPTON B. JENKINS AND ARA: WM. H. LUE

D/HA:MR. PALMER (SUBSTANCE)

S/S-O:DLMACK

EB:MR. BOEKER

S:HCOLLUMS

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FM SECSTATE WASHDC

TO USDEL SECRETARY IMMEDIATE

C O N F I D E N T I A L STATE 227685 TOSEC 270133

EXDIS

E.O. 11652: GDS

TAGS: EAID

SUBJECT: ACTION MEMORANDUM: FY '77 FOREIGN ASSISTANCE
APPROPRIATIONS CONFERENCE COMMITTEE (S/S 7619408)

TO THE SECRETARY FROM H - JENKINS AND ARA - LUERS

1. THE PROBLEM: THE SENATE-HOUSE CONFERENCE ON FY 77
FOREIGN ASSISTANCE APPROPRIATIONS BILL WILL TAKE PLACE
AFTERNOON WEDNESDAY, SEPTEMBER 15. TWO ISSUES OF SIGNIFI-
CANT CONCERN TO THE DEPARTMENT HAVE BEEN LINKED IN A FASHION
WHICH JEOPARDIZES BOTH OF THEM. A NUMBER OF FUNDING PROVI-
SIONS OF THE BILL DEALING WITH INTERNATIONAL FINANCIAL
INSTITUTIONS INCLUDING IDA, INTER-AMERICAN DEVELOPMENT BANK,
ASIAN DEVELOPMENT BANK AND THE AFRICAN DEVELOPMENT FUND ARE
NOW INTERTWINED WITH A PROPOSED TOTAL CUTOFF OF SECURITY
ASSISTANCE TO URUGUAY. WE ARE BEING ASKED BY KEY STAFFERS
TO YIELD ON THE QUESTION OF SECURITY ASSISTANCE TO URUGUAY
IN ORDER TO GET THE SWING VOTES NECESSARY TO WIN ON THE IFI
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ISSUES, WHICH ARE AMONG THE ADMINISTRATION'S HIGHEST PRIOR-

ITY ITEMS IN THE BILL.

2. OUR PROGNOSIS ON THE LIKELY FATE OF THE URUGUAY AMENDMENT HAS ALWAYS BEEN RATHER DISMAL, WHILE THE IFI ISSUES WERE ALWAYS EXPECTED TO BE CLOSE. YET WE DO NOT WISH TO

EMBRACE A POLICY WHICH CUTS OFF THE ENTIRE SECURITY ASSISTANCE PROGRAM FOR URUGUAY, EVEN THOUGH THAT PROGRAM IS MODEST. SUCCESS BY THE LIBERAL CONGRESSMEN IN USING THE APPROPRIATION PROCESS TO CUT OFF SECURITY ASSISTANCE TO SPECIFIC COUNTRIES MAY LEAD THEM TO USE THIS VEHICLE IN ATTACKING OTHER PROGRAMS IN THE FUTURE.

3. BACKGROUND:

THE HOUSE BILL CONTAINS A PROHIBITION INTRODUCED BY CONGRESSMAN KOCH WHICH WOULD PROHIBIT FUNDS IN THE BILL FROM BEING USED TO PROVIDE SECURITY ASSISTANCE TO URUGUAY. IN EFFECT, THIS WOULD CUT OFF A \$.5 MILLION TRAINING PROGRAM AND A \$2.5 MILLION FMS CREDIT PROGRAM. AFTER KOCH SLIPPED IT IN DURING SUBCOMMITTEE MARK-UP, WE WERE ADVISED NOT TO FIGHT IT IN EITHER FULL COMMITTEE OR ON THE FLOOR, BUT TO ATTEMPT TO KEEP IT OUT OF THE SENATE BILL AND DEAL WITH IT IN CONFERENCE, WHICH WE DID. THE RECENTLY PASSED SENATE BILL DOES NOT CONTAIN ANY LIMITATION ON SECURITY ASSISTANCE FOR URUGUAY.

4. WITH REGARD TO INTERNATIONAL FINANCIAL INSTITUTIONS, THE HOUSE VERSION PROVIDES LOWER FUNDING LEVELS THAN THAT OF THE SENATE. THIS IS PARTICULARLY SERIOUS IN THE CASE OF IDA AND THE AFRICAN DEVELOPMENT FUND FOR WHICH WE NEED THE FULL AMOUNTS REQUESTED BY THE ADMINISTRATION AND APPROVED BY THE SENATE, \$375 MILLION AND \$10 MILLION RESPECTIVELY. THE HOUSE HAS APPROVED \$320 MILLION FOR IDA AND NOTHING FOR THE AFRICAN FUND.

5. WE ARE NOW FACED WITH A PROPOSED DEAL DEVELOPED BY HOUSE AND SENATE STAFFERS WHICH WOULD COMMIT SEVERAL SENATORS TO SUPPORT KOCH LANGUAGE ON URUGUAY IN RETURN FOR HAVING KOCH, AND ONE OR CONFIDENTIAL

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TWO OTHER HOUSE MEMBERS HE APPARENTLY CAN INFLUENCE, TO JOIN IN OPPOSING THE HOUSE POSITION ON IFI FINANCING, THEREBY ENABLING THE CONFERENCE TO ACCEPT THE HIGHER SENATE FUNDING LEVELS.

6. THE OPTIONS:

(1) OPTION 1: REMAIN STRONGLY COMMITTED TO, AND FIGHT

FOR, THE SENATE VERSION ON INTERNATIONAL FINANCIAL INSTITUTIONS AND ON URUGUAY, WHICH DOES NOT CONTAIN ANY KOCH LANGUAGE.

BY CONTINUING TO FIGHT HARD ON URUGUAY, IT IS VERY LIKELY THAT KOCH WOULD VOTE AGAINST THE ADDITIONAL FUNDS FOR THE IFIS, AS HE HAS DONE IN THE PAST.

THE HOUSE CONFEREES ARE SO CLOSELY DIVIDED ON IFI FUNDING THAT KOCH'S VOTE COULD BE CRUCIAL.

MOREOVER, WHILE IT IS POSSIBLE THAT SOME SLIGHT MODERATION COULD BE ACHIEVED IN THE KOCH LANGUAGE ON URUGUAY, IT IS UNLIKELY THAT COMPLETE DEFEAT OF KOCH IS POSSIBLE.

(2) OPTION 2: ACCEPT THE PROPOSED DEAL, SACRIFICING THE URUGUAY SECURITY ASSISTANCE PROGRAM TO ENSURE THE HIGHER FUNDING LEVELS FOR THE IFIS. THIS OPTION COULD SET A DANGEROUS PRECEDENT BY ACCEPTING THE ELIMINATION OF AN ASSISTANCE PROGRAM BY A SINGLE SUBCOMMITTEE WITHOUT HEARINGS.

(3) OPTION 3: REITERATE OUR STRONG SUPPORT FOR IFIS AND OUR OPPOSITION TO ELIMINATING FUNDING FOR URUGUAY, WHILE ADVISING OUR SUPPORTERS TO MAKE THE RECORD ON URUGUAY FORCEFULLY WITHOUT CARRYING IT TO THE POINT OF JEOPARDIZING THE HIGHER LEVEL FOR IFIS (THE SENATE LEVEL).

THIS ESTABLISHES A CLEAR RECORD OF OUR OPPOSITION TO ARBITRARY CUTOFFS OF MILITARY ASSISTANCE PROGRAMS WHILE PRESERVING SUPPORT FOR THE SENATE IFI LEVELS. IT PROVIDES A SLIM CHANCE THAT THE CONFEREES WILL

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BE SWAYED TO RELENT IN ELIMINATING THE ENTIRE URUGUAYAN PROGRAM.

7. RECOMMENDATIONS:

(1) THAT YOU AUTHORIZE US TO REITERATE OUR STRONG SUPPORT FOR IFIS AND OUR OPPOSITION TO ELIMINATING FUNDING FOR URUGUAY, WHILE ADVISING OUR SUPPORTERS TO MAKE THE RECORD ON URUGUAY FORCEFULLY WITHOUT CARRYING IT TO THE POINT OF JEOPARDIZING THE HIGHER LEVEL FOR IFIS (THE SENATE LEVEL). (OPTION 3 IS SUPPORTED BY H, ARA, EB.)

APPROVE:
DISAPPROVE:

ALTERNATIVELY:

(2) THAT YOU APPROVE FIGHTING FOR BOTH HIGHER
FUNDING FOR IFIS AND THE URUGUAYAN PROGRAM
REGARDLESS OF CONSEQUENCES. (OPTION 1)

APPROVE:

DISAPPROVE:

ALTERNATIVELY:

(3) THAT YOU AGREE TO ACCEPT THE PROPOSED DEAL.
(OPTION 2)

APPROVE:

DISAPPROVE:

DRAFTED BY H - EBLACK

AND CLEARED BY H - MR. JENKINS; ARA - MR. LUERS;

D/HA - MR. PALMER (SUBSTANCE); EB - MR. BOEKER; S:HCOLLUMS

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